



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

March 26, 2012

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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains an update on County-advocacy legislation regarding redevelopment, an update on County-sponsored legislation and a report on a hearing conducted by a budget subcommittee on the Governor's FY 2012-13 Proposed Budget.

Status of County-Advocacy Legislation

Today, the Assembly passed **County-opposed unless amended AB 1585 (Pérez)**, which would modify provisions of ABX1 26 (Chapter 5, Statutes of 2011) related to the dissolution of Redevelopment Agencies (RDAs), including: 1) the distribution of Low Moderate Income Housing (LMIH) funds; 2) the definition of the terms enforceable obligation and administrative cost allowance; 3) the responsibilities of the successor agency and oversight board; and 4) the responsibilities of the auditor-controller, among other provisions. The measure was approved by a vote of 56 to 7 and it now proceeds to the Senate.

The County's position of opposed unless amended AB 1585 was referenced on the Assembly Floor. Specifically, Assembly Speaker John A. Pérez indicated that the County of Los Angeles is supportive of the affordable housing provisions of the bill and stated that the County is opposed to the other expansive provisions of the bill, but said that AB 1585 is intended to be narrowly drafted to accommodate those concerns.

In addition, AB 1585 was amended on March 15, 2012 and March 21, 2012. The amendments would: 1) further clarify the use of LMIH funds on deposit, retained by the city, county, or housing authority which assumes the housing functions of the former RDA for affordable housing; 2) permit a voluntary transfer of LMIH funds between jurisdictions; 3) modify the timeline and requirements proposed for spending

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LMIH funds; 4) clarify that a successor agency is a public entity separate from the entity or entities that authorized the creation of each RDA; 5) establish an effective date for any reversal of the decision by a city or county that opted not to serve as a successor agency; 6) require successor agencies to follow the Ralph M. Brown Act; and 7) require an annual audit by a certified public account of the successor agency's financial transactions and records.

This office is working with affected departments on the analysis of the amendments to AB 1585 to determine potential County impact.

On March 22, 2012, the Sacramento Chief Lobbyist, Alan Fernandes, testified before the Assembly Appropriations Committee expressing the County's opposition to provisions in AB 1585 which would expand the definition of an enforceable obligation and in support of the provisions in the bill which would allow local housing authorities to retain LMIH funds. This bill is an urgency measure and would be effective immediately if approved by the Legislature and signed by the Governor.

Status of County-sponsored Legislation

AB 1558 (Eng and Hernández), which as introduced on January 26, 2012 would extend the sunset on liability protection for the Department of Public Works in County unlined channels and adjacent spreading grounds during flood control and water conservation operations, was heard on the Assembly Floor today and passed on a 77 to 0 vote. The bill now proceeds to the Senate for consideration.

Subcommittee Hearing on the Governor's Budget

On March 21, 2012, the Assembly Budget Subcommittee No. 1 on Health and Human Services convened to consider several California Department of Social Services administration projects proposed in the Governor's FY 2012-13 Budget, including the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting (LEADER) Replacement System, and administrative changes to the CalFresh Program.

Among the actions taken by the Subcommittee are the following:

- 1) Voted 3 to 0 to approve the Legislative Analyst's Office recommendation to direct the Administration to conduct regularly scheduled briefings between the Administration and legislative staff on the progress of LEADER Replacement System (LRS). The frequency of this will be a subject of the first meeting, to be conducted prior to May 15, 2012.

- 2) Voted 3 to 1 to approve the Governor's proposed administrative changes to the CalFresh Program, including \$32.1 million in increased funding as a result of recently enacted legislation, AB 6 (Chapter 501, Statutes of 2011), which eliminated the requirement to fingerprint CalFresh recipients. The only proposed CalFresh administrative change not approved at the hearing was the adjustment related to county expenditure patterns, which the Subcommittee held open since the Administration indicated they will provide an updated estimate when the May Revision is released. This conforms to the action taken on this issue by the Senate Budget Subcommittee on March 15, 2012.
- 3) Voted 3 to 1 to approve a two-year extension of the CalFresh county match waiver, with adoption of the placeholder trailer bill language to implement this extension. The waiver allows counties to draw down a portion of their CalFresh Administration General Fund allocation, without the corresponding match of county funds, provided the county has met its full Maintenance of Effort obligation for CalFresh/CalWORKs. Los Angeles County significantly benefits from the match waiver by drawing down \$66.0 million of State and Federal CalFresh funding (\$33.0 million in State funding and \$33.0 million in Federal funding), without providing the normal 15 percent County match.

The Administration's Office of System Integration (OSI) representative provided an update on LRS and indicated that OSI has not entered into a contract with a selected vendor, but will do so once it has received approval for Federal Financial Participation which will provide matching funds for the total development costs. The OSI and California Department of Social Services representatives also indicated that, if approved, they will revise their estimates to full-year funding of about \$70.0 million to continue LRS activities. The Subcommittee held this issue open for further consideration during the May Budget Revision hearings.

We will continue to keep you advised.

WTF:RA
MR:IGEA:sb

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